



NEWS RELEASE

TSX.V: IES

INTERCEPT ENERGY SERVICES REPORTS FIRST QUARTER - MARCH 31, 2015 RESULTS

Edmonton, Canada – May 26, 2015 - Intercept Energy Services Inc. ("IES" or the "Corporation") (TSX-V: IES / OTCBB: IESCF), a leading Oilfield Services Firm ("OFS") specializing in frac water heating, unconventional energy extraction, oilfield equipment, oilfield waste disposal and recovery of reusable products from waste, today reported financial results for the first quarter ended March 31, 2015.

First Quarter Ended March 31, 2015 Highlights

- Gross revenues were lower by 15 percent to \$1.2 million for the three months ended March 31, 2015 compared to \$1.4 million for the same quarter last year, mainly due to decrease in the average charge out rates for its Heating Units in the USA due to the general overall slowdown of the oil and gas activities in the regions where the Corporation operates.
- During the first quarter of 2015 the Corporation closed on a non-brokered private placement and issued 20 million units at \$0.05 per unit for gross proceeds of \$1 million. Each unit consists of one common share of the Corporation and one share purchase warrant that entitles the holder to purchase one additional common share of the Corporation for a period of two years from the closing date at a price of \$0.075 per share for the first twelve months and \$0.10 for the remaining twelve months.
- The Corporation had a total of 5 Heating Units operating as at the end of March 31, 2015 compared to 4 Heating Units as at the end March 31, 2014;
- Net loss before other items for the quarter ended March 31, 2015 was \$0.9 million compared to a net loss before other items of \$0.3 million for the same quarter last year and increase in loss before other items by 166 percent, mainly due to decrease in overall revenues and decrease in average charge out rates for its Heating Units during the current quarter due to slower oil and gas activities in the regions where the Corporation operates;
- Net loss for the quarter ended March 31, 2015 was \$1.1 million compared to a net loss of \$0.4 million for the same quarter last year an increase in loss by 170 percent, mainly due decrease in overall revenues and decrease in average charge out rates for its Heating Units during the current quarter due to slower oil and gas activities in the regions where the Corporation operates and increase in finance expenses as the Corporation entered into higher rate lease financing for its Equipment during the second half of 2014.

Commenting on first quarter ended March 31, 2015 results, Mr. Swapan Kakumanu, IES, Chief Financial Officer stated, "Our first quarter results were impacted by the overall slowdown of in oil and gas activities in the regions we currently operate. The Company is taking necessary steps to stream line operations and adjust costs with the new changed economic environment. We expect to see continued pressure on our charge out rates on our Heating Units during the remainder of 2015."

The following pages are taken from the Completed Financial Statements and are available through SEDAR at <http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00006007> or on the Company's website.

March 31, 2015 condensed interim financial statements

INTERCEPT ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - Unaudited)

	March 31, 2015 Unaudited	December 31, 2014 Audited
ASSETS		
Current assets		
Cash	\$ 1,458,051	\$ 109,577
Trade and other receivables	2,449,444	3,251,976
Prepays and deposits	28,752	37,113
Total current assets	3,936,247	3,398,666
Non-current assets		
Equipment	3,270,620	3,446,677
TOTAL ASSETS	\$ 7,206,867	\$ 6,845,343
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 3,488,346	\$ 2,922,406
Current portion of loans and borrowings	858,804	830,693
Current portion of finance lease obligations	367,399	346,465
Current portion of derivative liability	31,195	42,311
Total current liabilities	4,745,744	4,141,875
Non-current liabilities		
Loans and borrowings	346,719	340,702
Finance lease obligations	1,933,450	2,031,376
Derivative liability	59,713	38,460
Total long term liabilities	2,339,882	2,410,538
TOTAL LIABILITIES	7,085,626	6,552,413
EQUITY		
Share capital	12,144,885	11,554,885
Contributed surplus	6,446,992	6,078,559
Deficit	(18,470,636)	(17,340,514)
TOTAL EQUITY	121,241	292,930
TOTAL LIABILITIES AND EQUITY	\$ 7,206,867	\$ 6,845,343

INTERCEPT ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars - Unaudited)

	Three months ended March 31, 2015	Three months ended March 31, 2014
REVENUE		
Rental income	\$ 1,159,273	\$ 1,365,346
EXPENSES		
Consulting fees	202,451	127,241
Depreciation	176,057	144,294
Equipment maintenance and rental	138,479	50,042
Fuel and sundry direct operating costs	368,850	587,067
Occupancy costs	90,159	44,102
Office and sundry	141,844	49,309
Professional fees	80,571	67,014
Royalties	108,056	217,083
Salaries and wages	535,074	362,161
Share based compensation	8,433	33,189
Travel, marketing and conferences	38,764	33,167
Allowance for doubtful debts	347,181	-
Foreign exchange (gain) loss	(147,493)	-
	2,088,426	1,714,669
Loss before other items	(929,153)	(349,323)
OTHER ITEMS		
Gain (loss) on derivative liability	(14,256)	(814)
Finance expense	(186,713)	(68,132)
	(200,969)	(68,946)
Net loss and total comprehensive loss for the period	\$ (1,130,122)	\$ (418,269)
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average number of common shares outstanding	123,900,890	109,289,794

INTERCEPT ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars - Unaudited)

	Share Capital Number of shares	Share Capital Amount	Contributed surplus	Deficit	Total
Balance at December 31, 2013	109,289,794	\$ 1,117,213	\$ 5,646,571	\$ (18,398,509)	\$ (1,634,725)
Share based compensation	-	-	33,189	-	33,189
Net income and comprehensive income for the period	-	-	-	(418,269)	(418,269)
Balance at March 31, 2014	109,279,489	\$ 11,117,213	\$ 5,679,760	\$ (18,816,778)	\$ (2,019,805)
Balance at December 31, 2014	122,859,794	\$ 11,554,885	\$ 6,078,559	\$ (17,340,514)	\$ 292,930
Private placement	20,000,000	1,000,000	-	-	1,000,000
Warrants	-	(360,000)	360,000	-	-
Share issue costs	-	(50,000)	-	-	(50,000)
Share based compensation	-	-	8,433	-	8,433
Net income and comprehensive income for the period	-	-	-	(1,130,122)	(1,130,122)
Balance at March 31, 2015	142,859,794	\$ 12,144,885	\$ 6,446,992	\$ (18,470,636)	\$ 121,241

INTERCEPT ENERGY SERVICES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - Unaudited)

	Three months ended March 31, 2015	Three months ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) and comprehensive income (loss)	\$ (1,130,122)	\$ (418,269)
Add back (deduct) items not involving cash		
Accretion	6,017	9,857
Depreciation	176,057	144,294
Non cash portion of (gain) loss on derivative liability	14,256	(814)
Share based compensation	8,433	33,189
	(925,359)	(231,743)
Changes in non-cash working capital items:		
Trade and other receivables	802,532	(543,263)
Prepays and deposits	8,361	(8,341)
Inventory	-	(11,816)
Trade and other payables	565,940	800,425
	1,376,833	237,005
Net cash from (used) in operating activities	451,474	5,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(18,882)
Net generated (used) in investing activities	-	(18,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,000,000	-
Share issue costs	(50,000)	-
Loans and borrowings	28,111	247,565
Loans and borrowings repayments	-	(2,571)
Derivative liability	(4,119)	(9,490)
Finance leases	(76,992)	(172,232)
Net cash generated (used) from financing activities	897,000	63,272
Net increase (decrease) in cash for the period	1,348,474	49,652
Cash, beginning of period	109,577	8,845
Cash, beginning of period	\$ 1,458,051	\$ 58,497

About Intercept Energy Services Inc. ("IES")

Intercept Energy Services Inc. employs innovative and proprietary technology to provide the highest efficiency heated water, used by oil and gas exploration and production companies; in the fracturing process in Canada and the United States. Through the utilization of HE Heaters(TM), IES is able to reduce fuel consumption and emissions, enhances safety and productivity, enable extreme cold weather operations with significantly lower operating costs that result in a direct competitive advantage for its customers. For more information, visit <http://InterceptES.com>

IES is based in Edmonton, Alberta, Canada.

For more information, visit the IES website: www.InterceptES.com

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Forward-looking statements

Certain information regarding IES in this news release, including management's assessment of its future development plans and access to various external sources of capital, may constitute forward looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with heating technology and oilfield services operations, general risks associated with oil and gas exploration, development, production, marketing and disposal of waste, loss of markets, environmental risks, competition from other service providers, delays resulting from inability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect IES's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements or information contained in this news release are made as of the date hereof and IES does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.